

EC:RW:TF  
F.#2003R02196

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

I N F O R M A T I O N

- against -

Cr. No. 04-69 (CS)  
(T. 18, U.S.C., §§  
1348, 1349 and  
3551 et seq.)

STEVEN WISE,

\_\_\_\_\_  
Defendant.

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THE UNITED STATES ATTORNEY CHARGES:

INTRODUCTION

\_\_\_\_\_At all times relevant to this Information, unless  
otherwise indicated:

The Defendant

\_\_\_\_\_1. The defendant STEVEN WISE was the chief executive  
officer of Marx Toys & Entertainment Corporation ("Marx Toys").

Marx Toys

2. Marx Toys was a Nevada corporation which listed  
its principal place of business as Sebring, Ohio, although, in  
fact, the defendant STEVEN WISE operated the business principally  
out of his home in New Jersey. Marx Toys purported to be in the  
business of selling collectible action figures and play sets  
through the Internet and via telemarketing. Marx Toys' stock was  
registered under Section 12(g) of the Securities Exchange Act of

1934 and was publicly traded through the Over-the-Counter Bulletin Board ("OTC-BB") system under the symbol "MRXT".

COUNT ONE

(Conspiracy to Commit Securities Fraud)

3. The allegations contained in paragraphs 1 and 2 are repeated and incorporated as though fully set forth in this paragraph.

4. In or about and between July 2003 and September 5, 2003, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant STEVEN WISE, together with others, did knowingly and intentionally conspire to execute a scheme and artifice (a) to defraud persons in connection with securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Marx Toys; and (b) to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Marx Toys, all in violation of Title 18, United States Code, Section 1348.

\_\_\_\_\_5. It was a part of the conspiracy that in or about and between July 2003 and September 5, 2003, the defendant STEVEN WISE, together with others, engaged in a fraudulent scheme to manipulate the price of the common stock of Marx Toys.

\_\_\_\_\_6. It was a further part of the conspiracy that the defendant STEVEN WISE agreed with stock promoters and brokers to provide them with large blocks of Marx Toys common stock at discounts from the market price for the stock. In exchange, the promoters and brokers placed orders to purchase and sell shares of Marx Toys common stock in a manner that was designed to inflate artificially Marx Toys' stock price.

7. It was a further part of the conspiracy that the defendant STEVEN WISE agreed with others to pay secret kickbacks to brokers, in the form of cash and free stock, in exchange for the brokers causing their clients to purchase shares of Marx Toys common stock from WISE's co-conspirators at artificially inflated prices.

(Title 18, United States Code, Sections 1348 and 3551  
et seq.)

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COUNT TWO

(Conspiracy to Commit Securities Fraud)

8. The allegations contained in paragraphs 1 and 2 are repeated and incorporated as though fully set forth in this paragraph.

9. On or about and between August 29, 2003 and September 5, 2003, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant STEVEN WISE, together with others, did knowingly and intentionally conspire to execute a scheme and artifice (a) to defraud persons in connection with securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Marx Toys; and (b) to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Marx Toys, all in violation of Title 18, United States Code, Section 1348.

10. It was a part of the conspiracy that on or about and between August 29, 2003, and September 5, 2003, the defendant STEVEN WISE, together with others, conspired to engage in a separate fraudulent scheme to manipulate the common stock of Marx Toys.

11. It was a further part of the conspiracy that the defendant STEVEN WISE caused Marx Toys to issue common stock to Rubin Investment Group, Inc. ("Rubin Investment Group") at a discount from the market price of the stock. In exchange, Rubin

Investment Group agreed to inflate artificially Marx Toys' stock price.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

COUNT THREE  
(Securities Fraud)

12. The allegations contained in paragraphs 1 and 2, 4 through 7, and 9 through 11 are repeated and incorporated as though fully set forth in this paragraph.

13. In or about and between July 2003 and September 5, 2003, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant STEVEN WISE, together with others, did knowingly and intentionally execute a scheme and artifice (a) to defraud persons in connection with securities of an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Marx Toys; and (b) to obtain, by means of false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of securities of an issuer with a

class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, to wit, the common stock of Marx Toys.

(Title 18, United States Code, Sections 1348 and 3551  
et seq.)

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ROSLYNN R. MAUSKOPF  
UNITED STATES ATTORNEY  
EASTERN DISTRICT OF NEW YORK